

STATE OF UTAH

LEGAL COMPLIANCE AUDIT GUIDE

Reference: APP C-6
Page: Page 1 of 13
Subject: Adult Education Agreed-Upon Procedures Engagement and Adult Education Summary
SOE, Division of Agency Services, School Finance & Statistics Section

Source of Regulations: Utah State Board of Education Rule R277-733, *Adult Basic Education and Adult High School Completion Programs*, and *Policies and Procedures Guide for the Adult Education Program*

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NOTE: In the following text “school district” or “district” also means “charter school” or “community-based organization.”

1. BACKGROUND

1.1. Minimum School Program funds are allocated to school districts by the School Finance and Statistics Section of the Utah State Office of Education (SOE). Compliance requirements related to the Minimum School Program funds allocated to school districts are addressed in section SOE-1 of this *Compliance Audit Guide*. The Minimum School Program allocations are based on formulas provided by the Minimum School Program Finance Act and State Board of Education Rule.

1.2 Adult education funds are distributed to school districts according to the following funding categories:

- Base amount - 7 percent of appropriation or \$13,000, whichever is greater, to be distributed equally to each district with USOE-approved plan.
- Latest official census data, as defined in R277-733-1L, at a decreasing rate per year until reaching zero percent: 15 percent of appropriation for FY 04, 10 percent for FY 05, five percent for FY 06, zero percent for FY 07 and thereafter.
- Measurable outcomes, as defined in R277-733-1M, on an increasing rate per year until reaching 50 percent: 35 percent of appropriation for FY 04, 40 percent for FY 05, 45 percent for FY 06, and 50 percent for FY 07 and thereafter. Funds shall be distributed among measurable outcomes as follows:
 - (a) number of high school diplomas awarded - 30 percent of the total funds available;
 - (b) number of General Education Development (GED) certificates awarded - 25 percent of the total funds available;

STATE OF UTAH

LEGAL COMPLIANCE AUDIT GUIDE

Reference: APP C-6
Page: Page 2 of 13
Subject: Adult Education Agreed-Upon Procedures Engagement and Adult Education Summary
SOE, Division of Agency Services, School Finance & Statistics Section

- (c) number of level gains: English for Speakers of Other Languages (ESOL) levels 1-6 and Adult Basic Education (ABE) competency levels 1-4, and Adult High School completion levels 1-2 - 30 percent of the total funds available;
- (d) number of high school credits earned by students - 15 percent of the total funds available.

- Enrollees as defined by federal regulations - 25 percent of appropriation.
- Supplemental support, to be distributed to school districts for special program needs or professional development as determined by written request and USOE evaluation of need and approval - 2 percent or balance of appropriation whichever is smaller.
- Student participation, total number of contact hours - 16 percent.

1.3 To ensure accuracy in the data supplied by the districts, the USOE requires all districts to contract with an independent accountant to perform certain agreed-upon procedures. The procedures to be performed, as determined by the USOE, are described in this section of the *Compliance Audit Guide*. The contract between the district and the independent accountant should clearly identify the agreed-upon procedures to be performed and those procedures should be consistent with the guidance in this section of the *Compliance Audit Guide*.

1.4 The procedures performed and reports issued by the independent accountant should also meet the attestation engagements established by the Comptroller General of the United States in *Government Auditing Standards, as revised*, at <http://www.gao.gov/index.html>. Section 2.08 should be especially noted: “Attestation engagements are performed under the AICPA’s attestation standards, as well as the related AICPA Statements on Standards for Attestation Engagements (SSAE). GAGAS [generally accepted government auditing standards] prescribe general standards and additional field work and reporting standards beyond those provided by the AICPA for attestation engagements.”

2. OBJECTIVES

2.1 To ensure that the information in the *Utah Report of Adult Education Data (URAED)* (due by the district to USOE by July 15) agrees with the information found in the files or student accounting systems of the adult education program.

2.2 To ensure that the district records for Adult Education meet the requirements of Rule R277-733, *Adult Basic Education and Adult High School Completion Programs*, and the *Policies and Procedures Guide for the Adult Education Program*.

STATE OF UTAH

LEGAL COMPLIANCE AUDIT GUIDE

Reference: APP C-6
Page: Page 3 of 13
Subject: Adult Education Agreed-Upon Procedures Engagement and Adult Education Summary
SOE, Division of Agency Services, School Finance & Statistics Section

3. AGREED-UPON PROCEDURES TO BE PERFORMED BY THE INDEPENDENT ACCOUNTANT

3.1 Agreed-upon procedures should be performed after the close of the school year. The independent accountant's agreed-upon procedures report and the related Adult Education Summary are due to the USOE no later than September 15, 20X1 for the school year ended June 30, 20X1. These reports will be used in the determination of funding for the second following fiscal year. (For example, the audit of FY 05-06 data will determine FY 07-08 funding.)

3.2 Select students (enrollees and participants) from each funding category (student information, contact hours, diplomas, GEDs, level gains, and credits earned) of the funding formula. (Definitions can be found at the end of this Appendix, Rule R277-733, and the guide.) The samples selected should be representative of the population of students enrolled and participating in the district's Adult Education program during the year. The sample for level gains only applies to enrollees.

3.3 Each sample should be at least 5% (but need not exceed 20 students) of a funding category. One sample may be used for multiple categories if they are included in the same population. For example, the same sample selected for student information might be used in performing procedures related to contact hours or credits earned.

3.4 The Adult Education Summary (sample attached) submitted with the agreed-upon procedures report should agree to the totals on the URAED submitted by the district to the USOE.

(a) Student information:

For each student selected, verify the district's program accounting system clearly states the following:

Student's name, student's gender, student's ethnicity, name of school, name of class, category of class (ABE, AHSC, or ESOL), name of instructor, entry and exit dates, contact hours for each class, units of credit awarded, student's level code and student's demographic code, as applicable.

Match the student information to the student's enrollment intake application to ensure that information between both sources is consistent.

STATE OF UTAH

LEGAL COMPLIANCE AUDIT GUIDE

Reference: APP C-6
Page: Page 4 of 13
Subject: Adult Education Agreed-Upon Procedures Engagement and Adult Education Summary
SOE, Division of Agency Services, School Finance & Statistics Section

(b) Contact hours:

For each student selected, obtain the student's attendance record, recalculate the number of contact hours for the student, and verify that the contact hours agree with the hours reported on the program accounting system.

Match the total contact hours on the program accounting system to the total contact hours on the URAED for 1) participants and 2) for enrollees.

(c) Diplomas:

For each student selected, verify that the diploma awarded is properly reported on the student's transcript.

Match the number of diplomas on the program accounting system to the URAED.

(d) General education development (GED) certificates:

For each student selected, verify that the GED was cited on the student's transcript.

Match the number of GEDs on the program accounting system to the URAED.

(e) Level gains:

For each enrollee selected, (1) verify the entering educational functioning level, and (2) verify that the enrollee has a post-test, as noted on the program accounting system.

For the Adult Education program, match the total reported level gains on the program accounting system to the URAED.

(f) Credits earned:

For each student selected, verify that total number of credits earned in the Adult Education program was properly awarded and reported on the student's transcript.

Match the number of credit hours on the program accounting system to the URAED.

4. REPORTING EXCEPTIONS, ERRORS, OR DISCREPANCIES

4.1 The independent accountant should work with the Adult Education program director to

STATE OF UTAH

LEGAL COMPLIANCE AUDIT GUIDE

Reference: APP C-6
Page: Page 5 of 13
Subject: Adult Education Agreed-Upon Procedures Engagement and Adult Education Summary
SOE, Division of Agency Services, School Finance & Statistics Section

ensure that errors noted during the procedures are corrected in the final reports submitted to the USOE. All errors or differences should be addressed in the written findings.

4.2 The findings should be reported in the body of the agreed-upon procedures engagement report and on the Adult Education Summary as well as include other findings and recommendations related to improving weaknesses in a district's reporting and accounting of Adult Education information as may be noted while performing the agreed-upon procedures.

5. INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES ENGAGEMENT REPORT AND ADULT EDUCATION SUMMARY

5.1 A copy of the agreed-upon procedures report and the written findings describing exceptions, errors, or discrepancies, if any, and the Adult Education Summary shall be filed with the district and the USOE no later than *September 15* of each year. These reports shall become part of the permanent records of the district and the USOE. A sample agreed-upon procedures report and Adult Education Summary has been included with this Appendix.

**Independent Accountant's Report on
Applying Agreed-upon Procedures for the
Utah Report of Adult Education Data**

Board of Education
Sample School District (District)

We have performed the procedures established by the Utah State Office of Education, as documented in the State of Utah Legal Compliance Audit Guide, Appendix C-6, and enumerated below, which were agreed to by you, solely to assist you in evaluating Sample School District's (District) compliance with the Utah State Board of Education's Rule R277-733, *Adult Basic Education and Adult High School Completion Programs* and the *Policies and Procedures Guide for the Adult Education Program* for the school year ended June 30, 20XX. Management is responsible for compliance with those requirements and the information reported in the attached Adult Education Summary. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are summarized as follows:

1. Student information:

Sample size: _____

For each student (participant or enrollee) selected, we verified the program accounting system clearly states the following:

student's name, student's gender, student's ethnicity, name of school, name of class, category of class (ABE, AHSC, or ESOL), name of instructor, entry and exit dates, attendance record, contact hours for each class, units of credit awarded, student's level code, and student's demographic code, as applicable.

For each student (participant or enrollee) selected, we matched the student's information in the program accounting system to the student's enrollment application to ensure that information between the two sources is consistent.

No exceptions were found as a result of applying these procedures.²

2. Contact hours:

Sample size: _____

For each student (participant or enrollee) selected, we obtained the student's attendance record, recalculated the number of contact hours for the student, and verified that the contact hours agree with the hours reported on the program accounting system.

We matched the total contact hours on the program accounting system to the total contact hours on the Utah Report of Adult Education Data (URAED) for 1) participants and 2) for enrollees.

No exceptions were found as a result of applying these procedures.²

3. Diplomas:

Sample size: _____

For each student (participant or enrollee) selected, we verified that the diploma was properly reported on the student's transcript.

We matched the total number of diplomas on the program accounting system to the URAED.

No exceptions were found as a result of applying these procedures. ²

4. General education development (GED) certificates:

Sample size: _____

For each student (participant or enrollee) selected, we verified that the GED was properly cited on the student's transcript.

We matched the total number of GEDs on the program accounting system to the URAED.

No exceptions were found as a result of applying these procedures. ²

5. Level gains:

Sample size: _____

For each enrollee selected, we (a) verified the entering educational functioning level, and (b) verified that the enrollee has a post-test, as noted on the program accounting system.

We matched the total number of level gains on the program accounting system to the URAED.

No exceptions were found as a result of applying these procedures. ²

6. Credits earned:

Sample size: _____

For each student (participant or enrollee) selected, we verified that the total number of credits earned in the Adult Education program was properly awarded and reported on the student's transcript.

We matched the number of credit hours on the program accounting system to the URAED.

No exceptions were found as a result of applying these procedures. ²

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance and on the Utah Report of Adult Education Data of Sample School District for the year ended June 30, 20XX. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

[When any of the matters set forth in Paragraph 6.28 of the Yellow Book have been identified in conjunction with this agreed-upon procedures engagement, the following paragraph would be added.] ³

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of compliance requirements, and abuse that are material to the District's adult education data reported to the USOE, and any fraud and illegal acts that are more than inconsequential that come to our attention during the performance of our agreed-upon procedures. We are also required to obtain the views of management on those matters. Our agreed-upon procedures disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of management, are described [as follows: *or* in the attached Schedule of Findings.] [List the

criteria, condition, cause, effect, and views of management for each finding here or in an attached Schedule of Findings.] ⁴

[If a management letter has been issued in conjunction with this agreed-upon procedures engagement, the following paragraph should be included.] ⁵

In accordance with *Government Auditing Standards*, we also noted other matters which we have reported to management of the District in a separate letter dated [Date of Letter].

This report is intended solely for the information and use of the Board of Education, management of the District, and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

[Firm's Signature]

[Report Date]

¹ For a Charter School or Community-Based Organization, revise references to School District and Board of Education, as appropriate.

² If exceptions are noted, replace this sentence and describe the findings here or refer to where the findings are reported. The District's response can be included here or refer to where the response is reported. See Section 4 of this Appendix for further guidance on reporting exceptions, errors, or discrepancies.

³ Paragraph 6.28 of *Government Auditing Standards* covers additional reporting requirements such as (a) reporting practitioner's compliance with generally accepted governmental auditing standards; (b) reporting deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse; (c) reporting views of responsible officials; (d) reporting privileged and confidential information; and (e) report issuance and distribution.

⁴ Refer to paragraphs 6.33-.34 of *Government Auditing Standards* regarding the content of the schedule of findings.

⁵ Paragraph 6.35 of *Government Auditing Standards* states, "The auditor should refer to the management letter in the report on the attestation engagement."

Sample School District
Adult Education Summary
Year Ended June 30, 20XX

	<u>Enrollees</u>	<u>Participants</u>
1. Total Number of	_____	_____
2. Contact Hours	_____	_____
3. Total Number of Diplomas	_____	_____
4. Total Number of GEDs	_____	_____
5. Total Number of Level Gains	_____	XXXXXXXX
6. Total Credits Earned	_____	_____

DEFINITIONS FOR ADULT EDUCATION PROGRAM

Enrollee: an adult education student who completes twelve or more contact hours during a fiscal year.

Adult Basic Education (ABE): instruction designed specifically for an native English speaking adult who 1) has minimal competence and basic skills in reading, writing, speaking, problem solving, or computation 2) is not sufficiently competent to meet the educational requirements of adult life in the United States; or 3) is not sufficiently competent to speak, read or write the English language to allow employment commensurate with the adult's real ability. Includes grade levels 0 – 8.9.

ABE includes the following:

ABE 1 (Beginning ABE Literacy): Grade level 0-1.9. Student has no or minimal reading and writing skills, may have little or no comprehension or how print corresponds to spoken language and may have difficulty using a writing instrument, may have little or no recognition of numbers or simple counting skills, may have little or no ability to read basic signs or maps and can provide limited personal information on simple forms, can write a limited number of basic sight words and familiar words and phrases. Student can handle simple routine entry level jobs that require little or no basic written communication or computational skills. No knowledge of computers or technology.

ABE 2 (Beginning Basic Education): Grade level 2.0-3.9. Student can read simple material on familiar subjects; can write simple notes and messages on familiar situations. Student can count, add and subtract three digit numbers, can perform multiplication through 12, can identify simple fractions, and perform other simple mathematical operations; is able to read simple directions, signs and maps, fill out simple forms requiring basic personal information, write phone messages and make simple changes. The student can handle basic entry level jobs that require minimal literacy skills, can read want ads and complete simple job applications.

ABE 3 (Low Intermediate Basic Education): Grade level 4.0-5.9. Student can read text on familiar subjects that have a simple and clear underlying structure, can use context to determine meaning; can write simple paragraphs with a main idea and supporting details on familiar topics. Student can perform with high accuracy all four basic math operations using whole numbers up to three digits and can identify and use all basic mathematical symbols. Student is able to handle basic reading, writing and computational tasks related to life roles such as completing medical forms, order forms, employment applications. Student can qualify for entry level jobs that require following basic written instructions and diagrams with assistance. Can use simple computer programs and perform a sequence of routine tasks given directions in using technology.

ABE 4 (High Intermediate Basic Education): Grade level 6.0-8.9. Student is able to read simple descriptions and narratives on familiar subjects or from which new vocabulary can be determined by context and can make minimal inferences. The student is able to write simple narrative descriptions and short essays on familiar topics and can use punctuation consistently. The student can perform all four basic math operations with whole numbers and fractions; can determine correct math operations for solving story problems. Student is able to handle basic life skills tasks such as graphs and charts. The

student can read materials on familiar topics such as simple employee handbooks and payroll stubs, can complete simple forms and reconcile a bank statement. Can learn and work with most basic computer software such as using a word processor and can follow simple instructions for using technology.

Adult Secondary Education (ASE or AHSC or HSC): instruction designed for the adult who 1) has basic skills and competence levels in reading, writing, speaking, problem solving and computation; 2) may or may not have a certificate of graduation (or its equivalent) from a school providing secondary education. Includes grades 9.0 through 12.9.

High School completion includes the following:

AHSC 1 (Low Adult Secondary Education): Grade level 9.0-10.9. This student can be considered as a “high school diploma seeking student”. The student can comprehend expository writing and identify spelling, punctuation and grammatical errors. Writing is organized and cohesive, can write and reflect thoughts. The student can perform all four basic math functions with whole numbers, decimals and fractions; can interpret and solve simple algebraic equations, tables, graphs; can use math in business transactions. The student is able or can learn to follow simple multi-step directions and read common legal forms and manuals. Student is proficient in using computers and can use most common computer applications.

AHSC 2 (High Adult Secondary Education): Grade level 11.0-12.0. Student can comprehend, explain and analyze information from a variety of literacy works, can use higher order processes to interpret meaning of written material. Writing is cohesive and clearly expressed. Student can make mathematical estimates of time and space and can apply principles of geometry to measure angles, lines and surfaces. Student is able to read technical information and complex manuals, can comprehend some college level books and apprenticeship manuals; can function in most job situations involving higher order thinking. Student can work productively in groups. Can use and adapt common software and select appropriate technology to new situations.

English for Speakers of Other Languages (ESOL): non-English speakers who lack competence and language acquisition in any or one of the following: reading, writing, speaking, problem solving or listening.

ESOL includes the following:

ESOL 1 (Beginning ESOL Literacy): student who cannot speak or understand English, has no or minimal reading or writing skills in any language. Student functions minimally or not at all in English and communicate only through gestures or a few isolated words. Student may have no knowledge or use of computers.

ESOL 2 (Low Beginning ESOL): student can understand basic greetings, simple phrases and commands. Student can understand simple questions related to personal information, read numbers, letters and some common sight words, can read and write some familiar words and phrases, can write basic personal information. Student can function with difficulty in social situations and situation related to immediate needs. Student may have limited knowledge and experience with computers.

ESOL 3 (High Beginning ESOL): student can understand common words, simple phrases and sentences containing familiar vocabulary, can read most sight words and many other common words, can read familiar phrases and simple sentences. Student can function in some situations related to immediate needs and in familiar social situations. Student may have limited knowledge and experience with computers.

ESOL 4 (Low Intermediate ESOL): student expresses basic survival needs and with some difficulty participates in some routine social conversations, reads simple material on familiar subjects, can write simple notes and messages on familiar situations, can interpret simple directions, schedules, signs, maps etc, and can complete simple forms. Student may be able to use computer programs and can perform a sequence of routine tasks given directions.

ESOL 5 (High Intermediate ESOL): student can participate in conversation in familiar social situations but may need some assistance in clarifying, can read text on familiar subjects that have a simple and clear underlying structure, can write simple paragraphs, can meet basic survival and social demands and can follow simple oral and written instructions, has some ability to communicate on the telephone on familiar subjects. Student can work with or learn basic computer software.

ESOL 6 (Advanced ESOL): student can understand and communicate in a variety of contexts related to daily life and work, can understand and participate in conversations on a variety of everyday subjects including some unfamiliar vocabulary, can read moderately complex text related to life roles and descriptions and narratives from authentic materials on familiar subjects, can function independently to meet most survival needs and to use English in routine social and work situations. Student can use common software, learn new basic applications and select correct basic technology in familiar situations.

Exiting the Program/ Exit Date. Date when the student last attends a program through ‘drop out’ or completion of goal(s) and has not received instruction for 90 days.

Contact Hour. Hours of instruction, counseling or SEOP hours, assessment time, tutoring under the supervision of a school district employee or community-based organization employee designed to promote student learning in the program curriculum. Contact hours are reported in the learners entering functioning level regardless of area of instruction.

Hours that CAN be counted:

- * Instructional hours in all ABE.
- * AHSC and ESOL classes designed to advance a student’s functioning level.
- * Program-sponsored tutoring or participation in a learning lab.

Hours that CANNOT be counted:

- * Homework completed outside of class.
- * Community education classes such as parenting and computer literacy.
- * Time spent in GED examinations.
- * Distance learning including : electronic high school courses or other courses not taken under the direct supervision of an adult education instructor.

Completing a Level. Progressing from one educational functioning level to the next higher educational functioning level. Evidence of completing a level is determined as student’s post-test score exceeds their Entering Functioning Level (EFL). The National Reporting System

(NRS) Functioning Level descriptors are used to determine a student's Functioning Level. If a student's post-test score exceeds the NRS descriptors range of scores for his/her EFL the student may have met their goal. The student may exit the program or they may remain enrolled and move towards advancing additional levels as their future assessments indicate. Advancement or completing a level can only be determined by the student's post-test scores.

Completing a Level and Advancing One or More Levels. Includes completing a level (see Entering Functioning Level for the baseline to gauge advancement). After a level is completed, a continuing student may advance multiple levels. It is necessary to remember that Completing a Level is based on the student's lowest level for reporting purposes. If a student's post-test score (using a different form of the same standardized test used for the pre-test to establish the EFL *and* after an additional 60 - 100 hours of instruction) exceed the NRS descriptors range of scores the student has then completed another level.

Entering Functioning Levels (or Functioning Level) – per NRS guidelines (EFL). Student is assigned an EFL for reporting purposes during a fiscal year. An EFL is determined by scale scores obtained from a standardized test. A student's scale score in their lowest area of instruction i.e. math, writing, reading determines a student's EFL for Utah reporting purposes and is the baseline upon which advancement to higher NRS levels is used. (See NRS functioning levels for ESOL, ABE, and AHSC).

Level Gain. When a student enters the program for the first time in a fiscal year he is assessed and receives a pre-test score. The student's lowest "academic" level is his entering functioning level for the fiscal year. The student must be post-tested to determine a level gain. The student's testing must show progression from one bench mark to another in the lowest academic area of assessment. For example: if an ESOL student has an entering pre-test BEST Plus score between 401-415 he is placed in ESOL 2 as an entering functioning level. When he is post-tested and his BEST Plus score is between 439-517 he demonstrates a placement level of ESOL 4. This would be two level gains. Another example: An ABE student tests 380 on the TABE reading (ABE 2) and 450 on the TABE in math (ABE 3); Level gains are always measured from the lowest functioning level, which in this case is reading (ABE 2). If the student shows a level gain in math on the post-test and no gain in reading there is NO level gain.

Participant: A student who completes less than twelve contact hours in a fiscal year.